

SCHWARTZER & MCPHERSON LAW FIRM
 2850 South Jones Boulevard, Suite 1
 Las Vegas, Nevada 89146-5308
 Tel: (702) 228-7590 · Fax: (702) 892-0122

Annette W. Jarvis, Utah Bar No. 1649
 RAY QUINNEY & NEBEKER P.C.
 36 South State Street, Suite 1400
 P.O. Box 45385
 Salt Lake City, Utah 84145-0385
 Telephone: (801) 532-1500
 Facsimile: (801) 532-7543
 Email: ajarvis@rqn.com

E-FILED ON OCTOBER 2, 2006

and

Lenard E. Schwartzer
 Nevada Bar No. 0399
 Jeanette E. McPherson
 Nevada Bar No. 5423
 Schwartzer & McPherson Law Firm
 2850 South Jones Boulevard, Suite 1
 Las Vegas, Nevada 89146-5308
 Telephone: (702) 228-7590
 Facsimile: (702) 892-0122
 E-Mail: bkfilings@s-mlaw.com
 Proposed Attorneys for Debtors and Debtors-in-Possession

**UNITED STATES BANKRUPTCY COURT
 DISTRICT OF NEVADA**

In re:
 USA COMMERCIAL MORTGAGE COMPANY,
 Debtor.

Case No. BK-S-06-10725 LBR
 Case No. BK-S-06-10726 LBR
 Case No. BK-S-06-10727 LBR
 Case No. BK-S-06-10728 LBR
 Case No. BK-S-06-10729 LBR

In re:
 USA CAPITAL REALTY ADVISORS, LLC,
 Debtor.

Chapter 11

In re:
 USA CAPITAL DIVERSIFIED TRUST DEED
 FUND, LLC,
 Debtor.

**Jointly Administered Under
 Case No. BK-S-06-10725 LBR**

In re:
 USA CAPITAL FIRST TRUST DEED FUND, LLC,
 Debtor.

In re:
 USA SECURITIES, LLC,
 Debtor.

Affects:
☒ All Debtors
☐ USA Commercial Mortgage Company
☐ USA Securities, LLC
☐ USA Capital Realty Advisors, LLC
☐ USA Capital Diversified Trust Deed Fund, LLC

Date:
 Time:

☐ USA First Trust Deed Fund, LLC

SECOND SUPPLEMENTAL DECLARATION OF THOMAS J. ALLISON UNDER RULE 2014 (a) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE IN CONNECTION WITH (I) THE EMPLOYMENT AND RETENTION OF MESIROW FINANCIAL INTERIM MANAGEMENT, LLC AS CRISIS MANAGERS FOR THE DEBTORS, AND (II) THE DESIGNATION OF THOMAS J. ALLISON OF MESIROW FINANCIAL INTERIM MANAGEMENT, LLC AS CHIEF RESTRUCTURING OFFICER FOR THE DEBTORS AND THE EMPLOYMENT OF CERTAIN TEMPORARY EMPLOYEES (AFFECTS ALL DEBTORS)

I, Thomas J. Allison hereby state and declare:

1. I am a Senior Managing Director of Mesirow Financial Interim Management, LLC (“MFIM”), a professional services firm engaged in the business of providing interim management services. I submit this second supplemental declaration (the “Second Supplemental Declaration”) on behalf of MFIM, pursuant to Rule 2014 (a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) with respect to the retention and employment of MFIM as crisis manager and Thomas J. Allison of MFIM as designated Chief Restructuring Officer (together with certain temporary employees provided by MFIM) for the above captioned debtors and debtors-in-possession (each a “Debtor” and collectively, the “Debtors”). I have personal knowledge of the matters set forth herein, and if called as a witness, would testify competently thereto.¹
2. The Declaration Of Thomas J. Allison In Support Of Debtors’ Motion (the “Employment Motion”) For Order Authorizing (I) The Employment And Retention Of Mesirow Financial Interim Management, LLC As Crisis Managers For The Debtors, And (II) The Designation Of Thomas J. Allison Of Mesirow Financial Interim Management, LLC As Chief Restructuring Officer Of The Debtors And The Employment Of Certain Temporary Employees (the “Original Declaration”) was filed with this Court on April 14, 2006.

¹ Certain of the disclosures herein relate to matters within the knowledge of other professionals at MFIM.

3. On April 19, 2006, the Court entered an order allowing the Employment Motion on an interim basis (the “First Interim Employment Order”) until July 27, 2006.
4. A First Supplemental Declaration Of Thomas J. Allison In Support Of Debtors’ Motion For Order Authorizing (I) The Employment And Retention Of Mesirow Financial Interim Management, LLC As Crisis Managers For The Debtors, And (II) The Designation Of Thomas J. Allison Of Mesirow Financial Interim Management, LLC As Chief Restructuring Officer Of The Debtors And The Employment Of Certain Temporary Employees (the “First Supplemental Declaration”) was filed with this Court on June 13, 2006.
5. On August 11, 2006, pursuant to a hearing on July 25, 2006, this Court entered an order (the “Second Interim Employment Order”) allowing the Employment Motion for an additional interim period until October 2, 2006.
6. Pursuant to a hearing on September 28, 2006, this Court approved the Employment Motion for an additional interim period until December 15, 2006. The Court has not yet entered an order memorializing this ruling.
7. The Employment Motion, the Original Declaration, the First Supplemental Declaration, the First Interim Employment Order and the Second Interim Employment Order are incorporated herein by reference, as if fully set forth herein.

Additional Disclosures

8. This Second Supplemental Affidavit discloses the following additional connections noted since the Original Declaration was filed on April 14, 2006 and the First Supplemental Declaration was filed on July 13, 2006.
 - a. **Insurance Coverage**-MFIM disclosed in its Original Declaration and First Supplemental Declaration that MFIM is a wholly-owned subsidiary of Mesirow Financial Holdings, Inc., a diversified financial services firm which also offers services in investment management, insurance, investment, investment banking and real estate (collectively “Mesirow Financial”). USA Commercial Mortgage Company (“USACM”) sought to obtain general liability, auto liability,

property, and commercial umbrella insurance for expiring insurance policies (“Insurance Policies”) through its incumbent insurance broker as well as other brokers (collectively, the “Brokers”). However, the Brokers were unable to place insurance coverage for the expiring Insurance Policies. At the request of Mark L. Olsen, Chief Operating Officer of USACM, Mesirow Insurance Services, Inc. obtained the necessary coverage with Hartford Casualty Insurance Company (“Hartford”) effective August 15, 2006 at a total annual insurance premium amount of \$12,204. Mesirow Insurance Services, Inc. will receive a commission related to these Insurance Policies from Hartford in the amount of approximately \$2,196.

- b. **Retention of Greenberg, Traurig LLP**-MFIM generally retains, and has retained in these cases, the law firm of Greenberg Traurig, LLP (“Greenberg”) to represent MFIM on fee and retention issues. Greenberg also represents a party that has conducted due diligence regarding a possible transaction to acquire certain assets of these Debtors. I am informed that Greenberg has established ethical walls between the engagement personnel serving MFIM and the potential acquirer.
- c. **Employment of Andrew Jarvis**-Andrew Jarvis has accepted a position with Mesirow Financial Consulting, LLC, an affiliate of MFIM, beginning October 2, 2006. Mr. Jarvis is the son of Annette W. Jarvis, who is a member of the law firm of Ray Quinney & Nebeker P.C. (“RQN”). RQN serves as lead counsel to the Debtors in these Chapter 11 cases. Mr. Jarvis will not provide any services to these Debtors.
- d. **Updated Search of Database**-In addition, MFIM has updated its search of MFIM’s relationship database for those parties in interest set forth on Exhibit A, which is attached hereto and incorporated herein by reference. MFIM has disclosed on Exhibit B, which is attached hereto and incorporated herein by

reference, any additional connections to those parties in interest set forth on Exhibit A, all of which are unrelated to the Debtors, their estates or these cases.

9. If and when additional information becomes known with respect to any other relationships that may exist between MFIM, or its professionals and the Debtors, creditors, or any other party-in-interest which may affect these cases, supplemental declarations describing such information will be filed with the Court.

10. Subject to the Original Declaration, the First Supplemental Declaration and this Second Supplemental Declaration, to the best of my knowledge, MFIM does not hold or represent an interest adverse to the estates and remains a “disinterested person” as that term is defined in section 101(14) of the Bankruptcy Code.

11. To the best of my knowledge, except as disclosed in the Original Declaration, the First Supplemental Declaration, or as set forth herein, MFIM has no other connections with the Debtors, creditors and any other party-in-interest, or their respective attorneys and advisors.

I declare, under penalty of perjury, that, to the best of my knowledge, information and belief, that the foregoing is true and correct.

Mesirow Financial Interim Management, LLC



By _____
 Thomas J. Allison
 Senior Managing Director
 Mesirow Financial Interim Management, LLC
 321 North Clark Street
 13th Floor
 Chicago, IL 60610

Exhibit A

This information is being provided in connection with the Second Supplemental Declaration of Thomas J. Allison with respect to the retention and employment of Mesirow Financial Interim Management, LLC ("MFIM") as Crisis Managers for the Debtors and Thomas J. Allison of MFIM as Chief Restructuring Officer of the Debtors and the Employment of Certain Temporary Employees. MFIM has searched its client databases for connections to the names

Committee Members, Participants and Professionals

William J. Bullard
Fertitta Enterprises, Inc.
Helms Homes, LLC
Terry Helms Living Trust
Terry Helms
Homfeld II, LLC
Edward W. Homfeld
Arthur Polacheck
Glorianna Polacheck
Dennis Flier, Inc. Defined Benefit Trust
Dennis Flier
James W. McCollum
Pamela P. McCollum
Gordon & Silver, Ltd
Robert E. Taylor
Chuck Heinrichs
John H. Warner
Mary E. & Matthew J. Moro, JTWROS
Matthew J. Moro
Matthew J. Moro
Richard G. Woudstra Revocable Trust
Richard G. Woudstra
Wen Baldwin Separate Property Trust
Wen Baldwin
John Goings
Joseph S. Congress
Stutman, Treister & Glatt, P.C.
Shea & Carlyon, Ltd.
Alvarez & Marsal LLC
Robert Worthen
Katz 2000 Separate Property Trust
Sara M. Katz
Thomas C. Lawyer Family Trust
Thomas C. Lawyer
Richard Horowitz
Jerry T. McGimsey
Maryan Rutar
Charles O. Nichols
Kurt Hunsberger
The Gannaway Charitable Remainder Trust
Robert H. Mansfield

Exhibit A

Robert Hardy
Orrick, Herrington, & Sutcliffe LLP
Beckley Singleton, Chtd
FTI Consulting
Del Bunch
Loan Partners Capital
Donald R. Walker
Russell/AD Development Group, LLC
Robert Russell
Annee Nounna
Advanced Information Systems, Inc.
Michael T. Yoder
Robert L. Haigmaier
Larry L. Rieger and Patsy R. Rieger Revocable Trust
Larry L. Rieger
John Bauer IRA
John Bauer
Broadwalk Investments Limited Partnership
James R. Bonfiglio
Charles N. Hainsworth
Nevada State Bank
Lewis and Roca, LLP
Sierra Consulting Group, LLC

Other Parties of Interest and Unsecured Creditors

Greenberg Traurig, LLP
Silver Point Finance, LLC
SPCP Group, LLC
USA Investment Partners, LLC
USA Commercial Real Estate Group
Joseph D. Milanowski
Thomas A. Hantges
Paul S. Hamilton
Ray Quinney & Nebeker
Schwartz & McPherson Law Firm
Pecos Professional Park
Haspinov, LLC
USA Capital RE Group
US Bank
Goold Patterson Ales & Day
West Coast Life Insurance Company
RD Advertising
Redwood Prop
Special Order Systems
Scotsman Publishing, Inc.

Exhibit B

This information is being provided in connection with the Second Supplemental Declaration of Thomas J. Allison with respect to the retention and employment of Mesirow Financial Interim Management, LLC as Crisis Managers for the Debtors and Thomas J. Allison of MFIM as Chief Restructuring Officer of the Debtors and the Employment of Certain Temporary Employees. MFIM, Mesirow Financial Consulting, LLC or Mesirow Financial currently performs

Greenberg Traurig, LLP
Gordon & Silver, Ltd
Silver Point Finance, LLC
SPCP Group, LLC
West Coast Life Insurance Company